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THANKS!

Editors, Idaho Employment

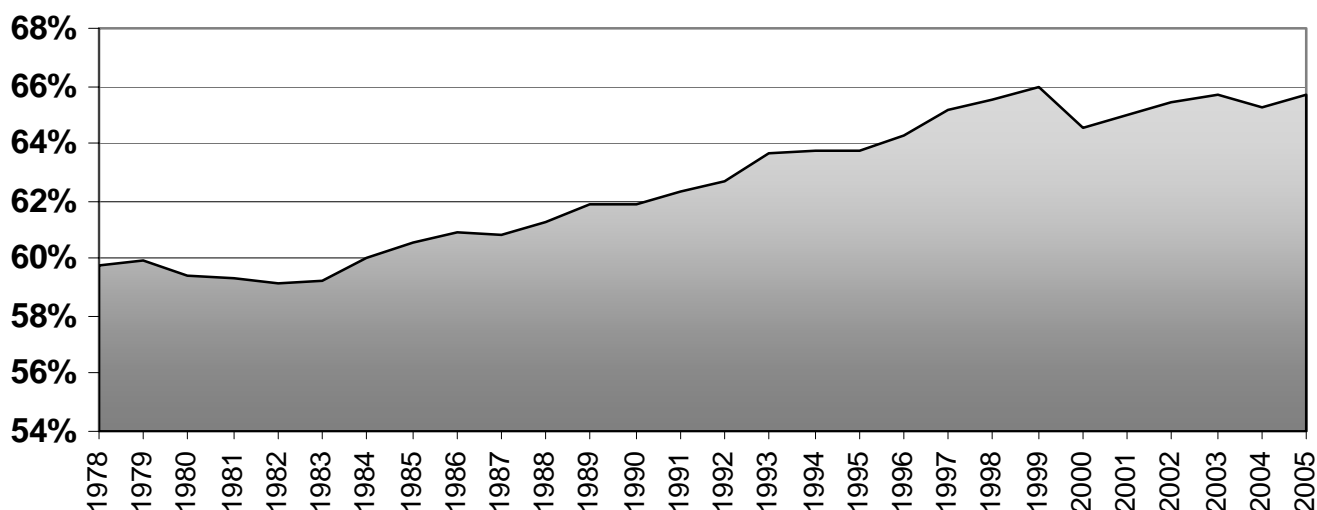
ECONOMIC TURMOIL IN '80s DRIVES IDAHO JOBS, POPULATION TO CITIES

The severe economic disruptions that hit Idaho in waves from 1979 through 1986 provided the catalyst for a restructured state economy that began draining rural communities of their comparatively high-paying manufacturing and natural resource-based jobs.

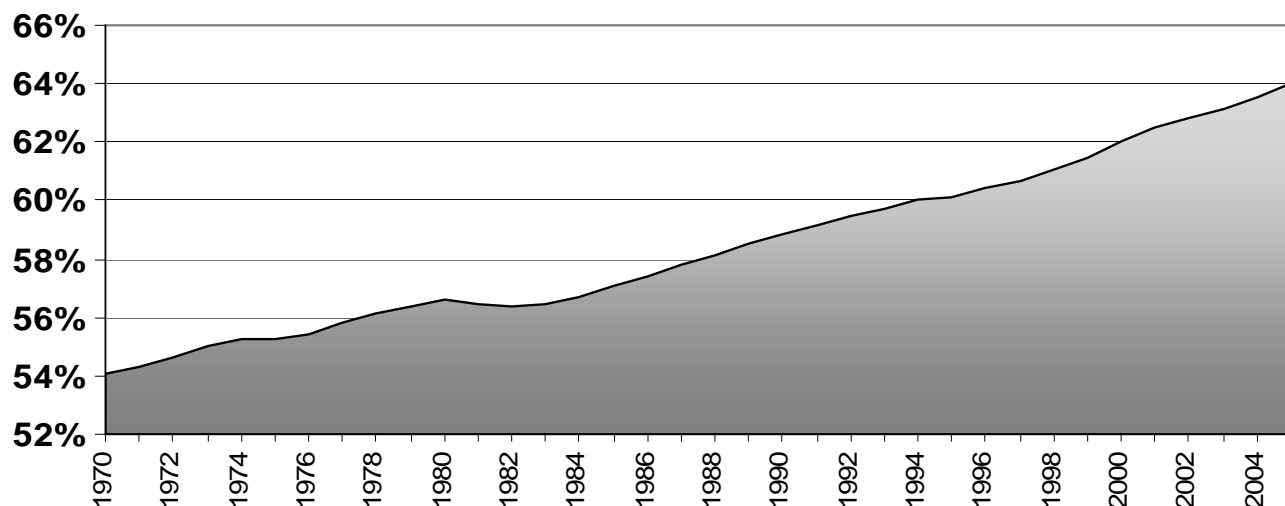
As the new Idaho economy began evolving in 1987, it diversified away from the natural resources so rich in rural communities and vital to their health.

People from both inside and outside the state began migrating to Idaho's urban centers of Boise, Coeur d'Alene, Twin Falls and Idaho Falls. That migration steadily widened the population gap between Idaho's rural and urban counties, and the jobs have followed the people to Idaho's seven urban counties – Ada, Bannock, Bonneville, Canyon, Kootenai, Nez Perce and Twin Falls.

FYI Chart 1: Idaho's Urban Employment in Percentages, 1978-2005



FYI Chart 2: Idaho's Urban Population in Percentages, 1978-2005



The slow growth of the 1960s gave way to dramatic expansion in the 1970s as the baby-boom generation came of age and began forming households. The 20-something segment of the Idaho population doubled during the decade.

In 1983, Richard Slaughter, who was the state's chief economist then, concluded that Idaho's economy in the 1970s had been invigorated by a sustained and growing national demand for its natural resources, primarily wood products.

Accelerating inflation during the last half of the decade combined with a monetary policy that focused on low interest rates and favorable tax laws led more and more people to view housing as a solid investment, Slaughter pointed out.

Nationally, housing starts averaged more than 1.75 million a year during the 1970s, and half those years saw starts at or above 2 million.

Workers in the lumber and wood products sector, largely in rural Idaho, peaked at nearly 19,000 in both 1978 and 1979, accounting for a third of the state's

manufacturing employment. The sector was far and away Idaho's goods-producing leader.

The state's rural and urban populations grew at relatively similar rates. That kept the urban population between 54 percent and 56 percent through the 1970s and into the early 1980s, giving rural towns the growth necessary to maintain infrastructure and a comparatively healthy business climate.

But then the national recession hit.

By 1982, Idaho had lost 26,000 jobs, 8 percent of its nonfarm employment. Over 10,000 were in manufacturing, nearly 8,000 of them in lumber and wood products and another 6,000 were in construction. Mining lost over a quarter of its work force.

And just as the state appeared on the verge of recovery, it was hit by another recession — to some a near depression.

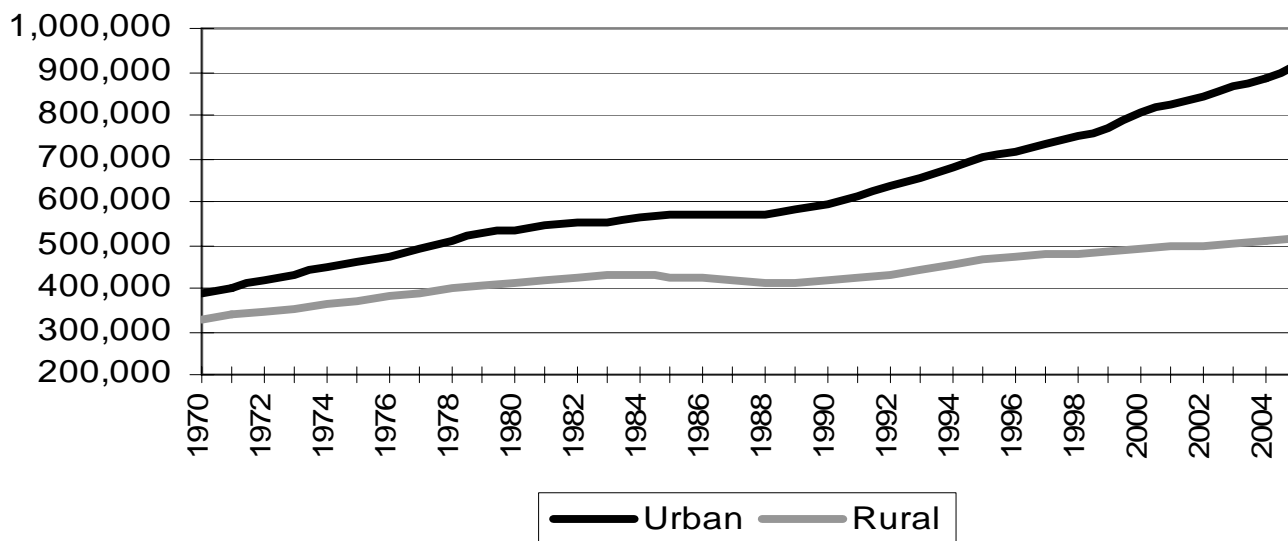
Idaho's cornerstone industries were hit hard a second time. Timber's move toward recovery stalled, and employment dropped back toward the 1982 level, accounting for just a quarter of the manufacturing sec-

FYI Table 1: Changes in Employment 1978-2004, Rural Compared to Urban

Rural			Sector	Urban		
1978	2004	% Change		1,978	2004	% Change
12,180	50,456	314.3%	Services	34,871	165,488	374.6%
18,762	20,332	8.4%	Retail	39,523	52,839	33.7%
6,549	6,469	-1.2%	Wholesale	15,164	15,209	0.3%
22,723	16,871	-25.8%	Manufacturing	33,107	38,248	15.5%
3,948	9,379	137.6%	Construction	15,626	29,490	88.7%
3,186	1,527	-52.1%	Mining	202	454	124.8%

Source: U.S. Census Bureau, County Business Patterns.

FYI Chart 3: Annual Urban-Rural Population 1970-2005



tor. Food processing stagnated as farm production slipped, and mining lost another 1,000 jobs, never having started any significant recovery.

The huge population of 20-somethings who had been the growth engine for Idaho with their housing purchases in the 1970s, now showed another characteristic that worked against the state – their mobility.

Over 10,000 Idaho residents left the state in 1986, the first population loss in 16 years. And thousands more moved from rural towns to the emerging metropolitan areas where the new businesses and jobs were locating.

Even though what was to become one of Idaho's longest economic expansions finally began in 1987, by the 1990 census 19 counties lost population, nearly 9 percent overall, and most of them were the state's smallest and most rural. Well over 15,000 people moved out during the 1980s.

In the same span, primarily the last four years of the decade, the metropolitan areas grew by 59,000, nearly 15 percent, signaling what is now an ever-widening gap between rural and urban Idaho, not just in population but in jobs.

While the expansion catapulted Idaho into the national forefront of economic activity, it was a different economy.

Timber and mining, which had been the backbone of many rural communities, were clearly losing ground. Environmental and other pressures were limiting access to timber on public lands and new technology was making many Idaho production operations outdated. Mills were closing with regularity.

The amount of timber from public lands feeding Idaho wood products production slumped from over 50 percent in the late 1980s and early 1990s to less than 30 percent by 2003. The harvest off the national forests in Idaho plunged over 80 percent – all of this amid solid growth in the nation's housing market.

At the same time, the high technology sector and its many spin-offs were evolving in Idaho's metropolitan centers where the pool of skilled workers was adequate and good transportation was easily accessible.

Both rural and urban Idaho got their share of the developing service economy. But it is clear from 1978 to 2004 that the jobs, particularly the traditionally higher-paying manufacturing jobs, were gravitating to the cities.

While service sector growth was over 300 percent during that quarter century across the state, retail jobs followed the people. Retail growth was four times faster in urban Idaho than in rural counties.

But manufacturing and mining tell the tale. While rural counties lost 29 percent of those jobs, the urban counties picked up 16 percent in those sectors. Mining losses were especially harsh for rural Idaho because those counties had nearly all those jobs.

Construction was up across the state and significantly in rural counties, but much of that activity was in so-called commuter counties, where residents typically work in the adjoining cities.

While some of the smallest counties, which had little in the way of manufacturing employment in 1978 picked up manufacturing jobs, 19 of the 37 rural counties lost them, four posting declines of over 80 percent. Three more just held their own.

In the past several years, some inroads have been made in rebuilding the manufacturing payrolls in rural counties. With the help of the Rural Idaho Initiative, various other incentives and aggressive recruiting at the state and local levels, a number of plants have been located in Idaho and several existing operations have expanded.

The dairy industry has expanded significantly in south central and southwestern Idaho and that has brought new cheese production to the area. Recreational and livestock trailer and vehicle manufacturers have located three plants in the same area, cultured stone production has begun in southeastern Idaho and a log home building has expanded in central Idaho.

Each produced dozens of new jobs. But those successes and others have still only begun to extend back into rural Idaho the economic prosperity many of those communities enjoyed a quarter century ago.

Note: Tables showing the breakdown of industry sector employment by urban counties and rural counties are on page 26.

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FYI Table 2: Urban Counties

County	Manufacturing		Construction		Mining		Retail	
	2004	1978	2004	1978	2004	1978	2004	1978
Ada	20,005	9,752	15,466	7,765	133	72	20,796	13,995
Bannock	2,737	4,639	1,311	1,232	10	50	4,532	4,984
Bonneville	2,510	2,150	2,957	2,628	10	10	6,906	5,462
Canyon	3,077	7,065	3,979	1,277	64	10	6,149	4,717
Kootenai	4,048	3,120	3,708	943	75	0	6,559	3,245
Nez Perce	2,834	3,786	716	660	151	10	2,941	3,280
Twin Falls	3,037	2,595	1,353	1,121	31	50	4,956	3,840

Source: U.S. Census Bureau, County Business Patterns

FYI Table 3: Rural Counties

County	Manufacturing		Construction		Mining		Retail	
	2004	1978	2004	1978	2004	1978	2004	1978
Adams	87	277	78	10	0	0	109	78
Bear Lake	66	101	20	36	0	0	283	330
Benewah	529	978	73	43	53	27	307	286
Bingham	2,029	2,522	698	557	0	0	1,613	1,327
Blaine	361	312	1,874	313	50	0	1,698	1,277
Boise	50	350	118	10	10	10	84	72
Bonner	1,999	1,513	1,274	287	69	0	1,717	1,158
Boundary	367	535	234	54	0	0	397	321
Butte	50	10	10	10	0	0	100	132
Camas	50	10	10	10	0	0	50	14
Caribou	750	750	206	72	530	460	301	350
Cassia	942	1,756	361	247	51	10	1,099	1,591
Clark	175	10	0	10	0	10	50	43
Clearwater	241	1,432	64	55	0	0	250	472
Custer	10	10	48	11	175	50	153	110
Elmore	269	359	261	206	1-19	10	948	795
Franklin	229	113	125	50	50	10	449	373
Fremont	200	172	50	104	10	0	292	397
Gem	129	750	179	49	10	10	375	438
Gooding	339	124	229	111	0	0	452	407
Idaho	503	960	239	89	54	50	519	545
Jefferson	921	685	423	103	10	0	474	464
Jerome	983	1,109	297	195	0	0	931	462
Latah	354	893	389	221	10	10	1,951	1,935
Lemhi	113	452	148	39	10	10	386	418
Lewis	87	393	10	9	10	0	123	215
Lincoln	175	50	50	10	0	0	78	60
Madison	1,295	578	296	397	0	0	1,503	1,113
Minidoka	1,003	2,061	273	127	0	0	775	592
Oneida	50	50	50	10	50	50	126	148
Owyhee	127	50	116	78	0	175	248	218
Payette	1,213	795	182	153	10	0	562	465
Power	586	750	82	36	0	0	224	350
Shoshone	178	1,332	159	54	355	2,209	700	881
Teton	79	10	312	18	0	0	274	138
Valley	20-99	146	348	78	10	0	452	410
Washington	332	325	93	86	0	85	279	377

Source: U.S. Census Bureau, County Business Patterns

* In several instances, job numbers in specific sectors for some counties are estimated because the Census Bureau provides only a range of employment due to the dominance of a single employer in that sector in that county. In these cases, the mid-point of the range was used.

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Labor force & nonfarm data	1	2	3	4	5
Regional news	1	2	3	4	5
FYI	1	2	3	4	5
State overview	1	2	3	4	5
Overall newsletter	1	2	3	4	5

2. How often should Idaho Employment be published? (please check one)

☐ Monthly

☐ Quarterly (includes monthly data)

3. What other economic indicators would you like to see in the newsletter?

4. Do you use the Labor Market Information Web site — lmi.idaho.gov?

☐ Yes

☐ No

5. If yes, how often do you go to lmi.idaho.gov?

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☐ Weekly

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